

DOCUMENT RESUME

ED 462 454

UD 031 573

AUTHOR Sullivan, Candace J.; Sugarman, Jule M.
TITLE The A B Cs of Welfare Reform: A Guide to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
INSTITUTION Center on Effective Services for Children, Washington, DC.
PUB DATE 1996-09-10
NOTE 52p.
PUB TYPE Reports - Evaluative (142)
EDRS PRICE EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Block Grants; Day Care; *Employed Parents; Employment Patterns; Federal Aid; *Federal Legislation; *Immigrants; Labor Force; Low Income Groups; Poverty; Public Policy; Social Problems; *Social Services; *State Programs; Welfare Recipients; *Welfare Reform
IDENTIFIERS *Personal Responsibility and Work Opp Recon Act; Reform Efforts; Supplemental Security Income Program

ABSTRACT

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 means that, for the first time, the federal government has shifted substantial responsibility for maintaining a social safety net for the most vulnerable populations to the state governments. This guide summarizes the contents of the new law, identifies existing policies that must be changed, and points out some positive options available to states. One major purpose of the Act is to assist families to enter into and retain employment, but it seems that many people will be adversely affected by changes in the food stamp and Supplemental Security Income programs. Of all the current recipients of benefits, immigrants will be the most negatively affected. Those who enter the country will not be eligible for the 5 years following their arrival, and those who have legally entered in the past may lose benefits as of January 1, 1997. Although clear evidence is sparse, many people fear that the work requirements will have very negative effects on children. Adequate child care is a necessary, but costly, accompaniment to initiatives that aim to move families from welfare to work. The overview contains a discussion of critical issues in the new legislation, and a checklist of the major actions required. Detailed program descriptions are given for the way the Act affects welfare recipients in the following areas: (1) Temporary Assistance to Needy Families; (2) Supplemental Security Income; (3) child support; (4) welfare and public benefits for aliens; (5) child protection; (6) child care; (7) child nutrition programs; (8) food stamps and commodity distribution; (9) Medicaid; and (10) Social Services Block Grant provisions. A list of 11 states within waivers is also included. (SLD)

The A B Cs of Welfare Reform

A Guide to the Personal Responsibility
and Work Opportunity Reconciliation Act of 1996

September 10, 1996

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☒ This document has been reproduced as
received from the person or organization
originating it.

☐ Minor changes have been made to improve
reproduction quality.

• Points of view or opinions stated in this docu-
ment do not necessarily represent official
OERI position or policy.

PERMISSION TO REPRODUCE AND
DISSEMINATE THIS MATERIAL
IN OTHER THAN PAPER COPY
HAS BEEN GRANTED BY

Candace J. Sullivan

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

By:

Candace J. Sullivan
Jule M. Sugarman

THE CENTER ON EFFECTIVE SERVICES FOR CHILDREN

BEST COPY AVAILABLE

THE CENTER ON EFFECTIVE SERVICES FOR CHILDREN

THE CENTER ON EFFECTIVE SERVICES FOR CHILDREN (CESC) was established in 1991 to improve the efficiency and effectiveness of children's services. Its particular focus has been on financial, administrative and operational issues associated with effective service delivery. In recent months, it has concentrated on helping states and localities prepare for pending changes in federal policies and programs brought about as a consequence of welfare reform and block grants.

The Center's Chairman Jule M. Sugarman has had a long association with children's programs beginning in 1965 when, for five years, he directed the establishment of the nationwide Head Start Program. He has served as New York City's Human Resources Administrator, Atlanta's Chief Administrative Officer, Vice Chairman of the US Civil Service Commission, Vice President of Hahnemann University Medical School, Secretary of Social and Health Services for the State of Washington and Executive Director of Special Olympics International.

The Center is recognized for its ground-breaking work in helping states establish more comprehensive and integrated child and family programs by working across organizational and professional lines and building public-private partnerships. It notes that changes in federal law are so dramatic that states have many opportunities to "start fresh" in designing, organizing, funding and delivering services to children, youth and families.

For information on Center consulting services and publications, please contact:

The Center on Effective Services for Children
P.O. Box 27412
Washington, D.C. 20038-7412
202-785-9524
202-833-4454 (fax)

© Center on Effective Services for Children

PREFACE

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform) is a watershed event. For the first time, the federal government has shifted substantial responsibility for maintaining a social safety net for our most vulnerable populations to state governments.

State and local officials will have opportunities to create improved systems that better meet the needs of their citizens. However, federal funding is generally below what would have occurred under the prior law. There are serious reductions in future food stamp benefits. Entitlements to cash assistance are ended. Benefits for most aliens lawfully present in the US are seriously curtailed. Consequently, states will need to reexamine their policies, procedures, budgets and programs in light of new legislative provisions.

Changes made in the next few months are likely to endure for many years. It is critical that they be thought through in an orderly way with broad-based participation and due consideration for the interests of those concerned. Achieving program improvements will require engaging all key parties in program design, implementation and evaluation. These include benefits recipients, public and private service providers, employers and community organizations as well as state and local elected officials.

In *The A B Cs of Welfare Reform*, we have tried to objectively summarize the contents of the new law, identify what must be changed and point out some positive options available to states. Whether readers endorse or oppose these legislative changes, they are now the law. The challenge now is to use them to improve the life chances of welfare recipients and others.

The Center on Effective Services for Children has prepared this guide based on the enacted legislation and various analyses done by other groups. While we believe our interpretations to be accurate, they have no official standing. We will update this guide as additional information becomes available. In the meantime, we strongly urge states to involve their legal and program staffs and Attorney General in preparing state plans, budgets and programs.

Candace J. Sullivan

Jule M. Sugarman

The Center on Effective Services for Children

TABLE OF CONTENTS

	Page
Preface	i
Part A -- Overview	
Commonly-Asked Questions	1
Critical Issues	9
Major Opportunities	9
Enhancing Chances of Success	10
Process	11
Timetable	12
Checklist on Major Actions Required	13
Part B -- Detailed Program Descriptions	
Block Grants for Temporary Assistance to Needy Families (Title I)	17
Supplemental Security Income (Title II)	25
Child Support (Title III)	29
Restricting Welfare and Public Benefits for Aliens (Title IV)	33
Child Protection (Title V)	37
Child Care (Title VI)	39
Child Nutrition Programs (Title VII)	43
Food Stamps and Commodity Distribution (Title VIII)	45
Medicaid	47
Title XX	49
State Waivers	51

PART A
OVERVIEW

COMMONLY-ASKED QUESTIONS

Is the legislation going to throw more children into poverty?

There is a great deal of speculation on how the numbers of children and families in poverty will change. Whether this actually happens depends primarily on three factors: future changes in the economy, how states elect to use the authority now available to them and behavioral changes on the part of clients.

It should be noted that under the Aid to Families with Dependent Children (AFDC) program the benefit levels in all states were well below the poverty line even adding the value of food stamps. Under the new welfare program Temporary Assistance to Needy Families (TANF), states will not be required to spend as much money as they have spent historically and some may lower benefits. On the other hand, states have the authority to increase benefits and to allow working recipients to receive a higher income than provided by welfare alone.

A major purpose of the Act is to assist families to enter into and retain employment. Its success in this will determine in large part whether families' life prospects will improve. The states have a number of tools which, if they so choose, can be used to help this happen including subsidizing private and public employment, operating community service programs, providing training and education, combining welfare and food stamp benefits to subsidize employment and allowing working recipients to save money through an individual development account which allows savings for higher education, purchase of a home and business capitalization.

Are there particular groups that will be negatively affected?

Estimates of over a million people being thrown into poverty by the Act are based primarily on changes in the food stamp and Supplemental Security Income (SSI) programs (both of which affect the working poor) and on provisions limiting benefits to legal immigrants. In the case of food stamps, benefits are likely to rise more slowly than they have in the past because maximum benefits will be 100% as contrasted with 103% of the market basket index. In the case of SSI, a number of families that received benefits for disabled children will no longer be eligible for those benefits. This change applies principally to disabilities which were based on behavioral factors including attention deficit hyperactivity disorder.

Of all current benefits recipients, immigrants will be the most negatively affected by the Act. In general, aliens who legally enter the United States will no longer be eligible for assistance during the five years following their arrival. Those who have legally entered in the past may lose their benefits as of January 1, 1997.

When do welfare recipients have to go to work?

An individual must be engaged in community service within two months (unless a state opts not to impose this requirement) and be engaged in work within two years. A state may choose to allow an individual to work part time. However, states have stringent federal work participation rate requirements. They may count only those individuals who work 20 hours per week (rising to 30 hours per week by the year 2000) towards meeting requirements that 25% of state welfare recipients participate in work (rising to 50% by the year 2000).

What will happen to children when their parents are forced to work?

Many people fear that the work requirements will have very negative effects on the growth and development of the child and on child rearing. Clear evidence on this issue is sparse and depends on what states elect to do. However, working mothers are very common in America today in low-income non-welfare families as well as in more financially advantaged families.

Proponents of the legislative changes focus on the social benefits that will accrue over time, particularly for children who reside in multi-generational welfare families. Working parents, as contrasted with stay-at-home parents receiving public assistance, are seen to be better role models. Furthermore, the elimination of an entitlement to cash assistance may result in more responsible behavior, i.e., marriage, later child bearing and graduation from high school.

A National Institute of Medicine study, examined the relationship between receipt of welfare, poverty and moving out of poverty in terms of the home environment of children. It found that nurturing and stimulating behaviors were:

- roughly equal for families on welfare and those who left welfare, but whose income was still below or at the poverty line;
- 3.5 times more favorable for those who were no longer in poverty after having been in poverty or on welfare sometime during the prior four years;
- 4.5 times more favorable for poor children who never received welfare than for those who had continually been on welfare during the prior four years.

It should be noted that this study looked at natural transitions off welfare as contrasted with mandated transitions.

Will children of working parents receive child care?

A state may exempt a single parent with a child under 12 months from work requirements. In addition, a single parent with a child under six may not be required to work if the parent can prove suitable child care is not available. There is substantial evidence that stable, adequate child care is a necessary, if costly and difficult, accompaniment to initiatives aimed at moving families from welfare to work.² While the law increases the amount of federal money going to child care, it may not meet the

need. This is particularly true when the welfare recipient leaves welfare and becomes a member of the working poor. Undoubtedly, there will be competition for child care subsidies among low and moderate income families.

The law requires that child care conform to the requirements of the Child Care and Development Block Grant Act. This permits (but does not require) states to fund high quality, developmentally-oriented child care that fosters positive cognitive and social development in low income children (as contrasted with safe custodial child care that enables a parent to work). The Act clearly supports parent choice as to the type of child care.

Where are the jobs going to come from?

Employment opportunities for individuals with limited education, training and work skills are limited. Many welfare recipients will need substantial assistance in obtaining and maintaining employment. Furthermore, because of their characteristics and characteristics of the job market, many will lose jobs and need transition assistance while they seek new jobs. The experience of states such as Wisconsin suggests that helping welfare recipients become employed and stay employed is more expensive than simply providing families with cash assistance. Furthermore, doing this requires that welfare workers take on very different roles and responsibilities (or states can use public and private job placement agencies). The hope is that over the long term families will stay off welfare (either because of employment or because of disincentives to apply).

States are required to meet federal requirements regarding percentages of beneficiaries engaged in countable work activities or receive penalties for failure. This means that the state has a significant financial interest in assuring recipients are engaged in work. However, states have substantial flexibility to design and operate programs to enhance welfare recipient employability and to create community service jobs if needed. Similarly, they have considerable flexibility in determining whether or not to sanction individuals for not engaging in work activities. This enables them to take into consideration the individual's particular situation.

What about welfare or food stamp recipients who live in high unemployment areas with virtually no jobs. Do they have to meet the same work requirements?

These individuals can participate in job search for 12 weeks (as contrasted with 6 weeks). Eventually they will have to find work or engage in community service unless the state decides to exempt them for some reason.

What if a welfare recipient has no access to affordable transportation to a job?

Transportation is not addressed in the legislation. However, states have the authority to use funds for any purpose reasonably related to the objectives of the Act. In addition, they are granted considerable flexibility in determining whether an individual is meeting work requirements and could take this into account.

What happens when a beneficiary is laid off? How much time do they have to get another job before they lose benefits?

The state will determine whether the individual is meeting work requirements. Thus, it can continue to provide benefits to an individual who is fired or laid off, if it feels the individual is making a good faith effort to become employed and is engaging in work activities as defined in the Act. However, the state is under pressure to meet federal work participation requirements and it can only count 6-12 weeks of job search for an individual as meeting federal requirements.

Can welfare recipients enroll in education or training programs and meet work requirements?

Individuals may participate in vocational education for up to a year. In addition, teen heads of household may attend secondary school or its equivalent or participate in education directly related to employment. However, the state will receive a penalty if these placements exceed 20% of those engaged in work activities. Individuals may meet requirements by participating in job skills training or (in the case of those who lack a diploma or GED) education directly related to employment. However, these do not count towards meeting the state's employment quotas. College and other education not directly related to employment do not meet federal requirements. States, however, could allow this (taking into account potential federal penalties if they fail to achieve required work participation rates).

In addition, the legislation allows states to require individuals between 20 and 51 (who have the capacity to do so) to work towards attaining a secondary school diploma or equivalent. It also allows states to sanction families in which minor children do not attend school.

What happens when a family on welfare has another child?

Previously, additional children resulted in additional benefits. Now, states have the option to deny cash benefits to additional children of welfare recipients (i.e., impose a family cap). Should they elect to do this, states can use Title XX Social Services block grant funds to provide non-cash assistance benefiting the child such as diapers, clothing and school supplies.

What about parents who are too ill-prepared, disorganized or otherwise unable to work? have reached the five year limit and cannot get a job? or other desperate situations?

Able-bodied adults who do not meet the law's requirements can be terminated or have their benefits reduced. States can exempt certain individuals, but must take into account the state's overall work participation rate requirements. States have the flexibility to exclude 20% of their case loads from the law's five year limitation requirements for hardship (as defined by the state), including having been battered or subjected to extreme cruelty. This should enable them to serve many of these families. Reduction or termination of benefits may lead to child abuse and neglect, and necessitate placement of a child in foster care. This is an expensive proposition.

Will low income children and families continue to receive medical assistance through Medicaid?

Until the passage of the Act, all AFDC recipients received Medicaid. Now all TANF (the new welfare program that replaces AFDC) recipients are automatically eligible for Medicaid. In addition, individuals are eligible if they meet eligibility requirements set forth in the state's Medicaid plan as it existed on July 16, 1996 even if they are not eligible for TANF.

Beginning January 1, 1997 a state will have the option of denying Medicaid to legal residents who have not become citizens (with some exceptions). New immigrants will be automatically barred for five years after entry. Also legal immigrants who will be losing SSI benefits will also lose Medicaid coverage. However, no state may deny coverage of emergency medical services to either legal or illegal aliens. In addition, states may deny Medicaid to adults who lose cash aid because they do not meet work requirements except that minor children of these adults and pregnant women will continue to receive assistance.

What will the legislation do about teen pregnancy?

The legislation calls upon states to take action and set numerical goals to reduce out-of-wedlock births with special emphasis on teen births (without increasing abortions). It also calls upon them to conduct a program that provides education and training on the problem of statutory rape so that teen pregnancy prevention programs may be expanded in scope to include men.

Equally important, the legislation establishes a number of restrictions on benefits to teen parents to create disincentives to early parenthood. It requires that a teen mother under 18 who is not married and has not completed high school participate in activities directed towards a high school diploma or an alternative education or training program. It also requires a teen mother to live at home or in an approved adult-supervised setting.

A state may qualify for bonus funds if it substantially reduces out-of-wedlock births without increasing abortions. In addition, states will be given funds to provide abstinence education and (at state option) where appropriate, mentoring, counseling and adult supervision to promote abstinence.

Nationally, by January 1, 1997 the Secretary of Health and Human Services must establish and implement a strategy for preventing out-of-wedlock pregnancies and assuring that at least 25 percent of US communities have teenage pregnancy prevention programs in place.

What is required of absent fathers?

The legislation establishes stringent paternity establishment and child support requirements. In addition, the legislation requires that mothers meet legal requirements to provide fathers visitation rights. (There are provisions, however, for protecting woman from abusive fathers.) In addition, the legislation provides benefits to 2-parent families (thus eliminating disincentives to parental responsibility and marriage found in

some state AFDC programs). States are encouraged to require community service and participation in parent education by teen fathers.

What if a former welfare recipient is making less employed than on welfare because of child care, transportation and health care costs? Can she quit work and go back on welfare?

This is not an option. If the individual is eligible for welfare, the individual must meet work requirements or be penalized. The individual must engage in work once the state determines he or she is ready or once he or she has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier. In addition, if the individual exceeds the five year limit on receiving welfare (or lesser period at state option), she or he is no longer eligible. The exception is if the state exempts the individual for hardship.

What happens when a family's welfare benefits expire? Can they still get food stamps? Medicaid? other non-cash benefits?

A eligible family can continue to get food stamps and Medicaid if they meet eligibility requirements. States are authorized to provide vouchers for diapers, school supplies and other essential items from their Title XX Social Services Block Grant funds. But, families can no longer obtain cash assistance.

What happens when a welfare recipient abuses drugs or alcohol? Can she or he continue to receive benefits?

An individual convicted of a controlled substance (drug) possession, use or distribution felony is not eligible for welfare or food stamps (although other family members may be eligible). States may opt out of or limit the time period of this provision. States are authorized to collect drug-related information through written self-declaration when an individual applies for benefits. There is no similar provision for alcohol abuse.

What happens to legal residents who have not yet become citizens? Are they eligible for cash assistance? food stamps? other assistance?

With some exceptions, legal residents are ineligible for assistance from federal means-tested programs including cash assistance, food stamps, Medicaid and Supplemental Security Income. They also may not be eligible for state-financed programs. This topic is covered in the program description for Title IV -- Restricting Welfare and Public Benefits for Aliens.

What happens to a family with an ADHD child who is receiving SSI? Will they continue to receive benefits?

Children with behavioral disorders, including attention deficit hyperactivity disorder, will no longer receive Supplemental Security Income.

What is meant by the statement that responsibility for welfare is devolved to the states?

Contrary to public perception, states have always had authority to set both eligibility requirements and benefits level subject to only a few federal restrictions. The federal government was required to match state funds according to a formula that took into account state wealth.

The new law gives states a fixed amount of welfare money (a block grant) based on historical levels of expenditures. States continue to have the authority to set eligibility requirements as well as benefits levels, with some restrictions. In addition, states are given substantially more flexibility in the use of funds. The result is that the responsibility for administering welfare programs has moved *or devolved* from the federal government to the states. This enables decisions to be made by persons more familiar with state and local conditions than federal law makers and officials.

Can a state privatize welfare?

States must operate under their state plan and accompanying legislation. There is nothing in federal law which prohibits them from using local governments, or a non-governmental entity (including a for-profit organization), to carry out any activity including eligibility determinations and payment of benefits under the state's law and plan. Contracting with other entities (referred to as outsourcing) may be controversial, but states may elect to do this to reduce costs or improve program quality. Areas most frequently mentioned as possibilities for outsourcing are job training and placement, automated data processing and reporting systems and child support collection.

My state has a federal waiver. How does the new legislation affect us?

Your state's waiver will remain in effect for its duration. Its provisions will govern with one notable exception. Your state will be bound by the law's work participation requirements. These relate to the aggregate numbers of families who must participate in federally-approved work activities. States have authority to determine work obligations of individual families subject to non-discrimination requirements.

If your state would prefer to operate under the new law, it may elect to terminate its waiver. If it does so, it will be held harmless for accrued cost neutrality liabilities.

References

1. Commission on Behavioral and Social Sciences and Education, National Research Council, Institute of Medicine, Phillips, Deborah and Bridgeman, Anne, Editors, *New Findings on Children, Families, and Economic Self-Sufficiency: Summary of a Research Briefing*, National Academy Press, Washington, D.C., 1995.
2. Ibid.

AFDC to TANF -- WHAT CHANGED?

1. Under AFDC, the federal government paid a share of the state's expenditures for AFDC without any limitation on the amount it would pay. Under TANF, the federal government grants each state a fixed amount of money each year.
2. Under AFDC, individuals had a legal entitlement to receive cash benefits. Under TANF, there is no entitlement unless granted by the state.
3. Under both AFDC and TANF, states determined eligibility and benefits levels. However, under AFDC, the federal government imposed many requirements on how a state would calculate eligibility including how income and assets are valued. TANF does not have these requirements.
4. Under AFDC, the program had to operate uniformly throughout the state. Under TANF, the program may vary from one community to another.
5. Under AFDC, there was no requirement as to how much a state had to spend of its own money. Under TANF, the state must maintain 80% (or 75% if it is meeting work participation requirements) of its historic pattern of expenditures as reported in FY1995.
6. Under AFDC, an individual could receive assistance for an unlimited period of time. Under TANF, there is a lifetime limit of five years, but a state may exempt up to 20% of its caseload and may use its own funds for extended coverage.
7. Under AFDC, there were work requirements embodied in the JOBS program, but the program affected only a small portion of recipients. Under TANF, there is a broader definition of what constitutes work, with authority to states to pick and choose those types of work they wish to recognize. Over time the proportions of people required to work and the hours they are required to work increases significantly.
8. Under AFDC, the Secretary of Health and Human Services had the authority to issue program regulations and to provide rules pertaining to proper and efficient administration. Under TANF, the Secretary is prohibited from issuing regulations and enforcing the law unless the new Act specifically authorizes the Secretary to do so.

CRITICAL ISSUES

Time is the overriding problem that states face with welfare reform. Numerous actions must be taken starting as early as October 1, 1996. Legislation will be needed, policies must be reviewed, new management and reporting systems introduced, coordination strengthened and the state budget recast. Current recipients must be fully informed so that they may respond to the changes. Substantial staff retraining is absolutely critical for all staff, particularly for management and supervisory staff. It is important to conduct training now even at the expense of current operations.

Tasks are formidable. The state's entire AFDC caseload must be terminated not later than June 30, 1997. Each family will have to be reexamined to see whether it qualifies for Temporary Assistance to Needy Families (TANF) (or whatever the state names the program). The state will have to make an individual employment assessment for every adult recipient, and optionally, in consultation with the recipient, a personal responsibility plan. There are new rules on aliens which must be considered in program redesign.

Major Opportunities

The changes in federal law provide additional flexibility which states can use to make real improvements in the lives of families and children. This creates major opportunities which are highlighted below:

- *Creating opportunities for people to work.* Work is at the heart of this law. States have enormous flexibility, albeit with limited federal funds, to aid people in entering into and progressing in the work force. Preparing and connecting people with private employment is a key factor. Job creation is possible through subsidized public and private employment and community service. Skills building can be done in many ways.
- *Balancing work and child-rearing responsibilities.* Work requirements are limited to 20 hours a week through fiscal year 1998 and never exceed thirty hours a week. A balance is possible between work and child rearing, particularly when coupled with a quality child care program.
- *Increasing absent parent financial contributions to children.* New child support provisions include virtually every approach one could conceive within and across state lines to assure that children will receive the money to which they are entitled in a timely manner.
- *Raising family income.* Up until now welfare families have lived below the poverty line with the amount below determined in large part by a state's willingness to match federal funds. Now the federal grant is a fixed sum of money. Nevertheless, creative blending of work, child support and partial assistance can lead to increased family income and bring real improvement in the everyday lives of families.

- *Establishing a comprehensive child care system.* The law eliminates many categorical restrictions on the use of child care funds. A state can now blend funds from several sources to build a comprehensive child care system administered by a single public or private child care lead agency.
- *Increasing future life prospects of welfare recipients.* One intriguing provision of the law permits individuals to establish, from their earnings, individual development accounts which can finance later training, home purchases and start up costs for small businesses. This could be used to encourage personal initiative.

Enhancing Chances of Success

Welfare reform poses major challenges for states -- challenges that can only be met by broad-based involvement of all affected parties. There are important roles for benefit recipients, community organizations, employers and child advocates as well as state legislators, other elected officials and public and private service providers. A number of actions may be taken to increase chances of success. Specifically, states could:

- *Examine issues on a cross-program basis.* There is a splendid opportunity to break down some of the barriers that have bedeviled programs over the years. For example, it is now possible to operate a comprehensive child care program (as contrasted with multiple programs administered by different agencies) and link child care with other state initiatives. Work programs can be established with coordinated activities for welfare and food stamp recipients. Data systems can be built that communicate with one another and/or serve multiple purposes, e.g., link child care and work participation reporting to help overcome child care barriers to employment. It will be far easier for public and private agencies to operate collaboratively and more flexibly to address the needs of individual children and families.
- *Establish systems to measure progress.* A state can set concrete state objectives with measurable performance goals and maintain data systems that provide information on the extent to which goals are achieved. Citizens' groups, the business community, child advocates and others can work with state officials to develop goals and objectives that enjoy broad-based support.
- *Take a fresh look at the state budget.* A state may be better off by investing its resources in different ways while still meeting critical human needs. States have flexibility to transfer funds among certain programs and may have savings that can be shifted to other priorities. Needed rebudgeting may be easier when the climate is ripe for change and groups with vested interests in the status quo have less influence. It should be noted that in general the maintenance of effort requirements for states are below what states have been spending. There will be strong temptations to simply reduce the state human services expenditures, although it is often acknowledged that developing economic self sufficiency will be expensive.

- *Consider the possibilities in outsourcing* (contracting with local governments, community based groups, not-for-profit and for-profit organizations) to do functions previously done by public employees. This could lead to more efficient and effective services or less costly services.
- *Take advantage of opportunities to establish better data systems.* Extensive new data reporting requirements can provide real tools for management and public accountability if so designed.

Process

The processes states use to design, implement and evaluate new or modified programs and procedures will greatly influence their likelihood of success. It is important that business and community leaders and citizens be aware of the processes proposed to plan and implement welfare, and influence them positively. Among the actions state leaders could take to assure processes will yield desired results are to:

- Involve the state's most talented business, non-profit and community leaders in program design and operation.
- Assemble a management team of doers who are willing to break with the past. Establish clear lines of authority and a concrete work schedule. Put someone in charge who can pull all the pieces together. Make this work an absolute priority over ongoing business.
- Start executive-legislative-citizen conversations immediately.
- Build understanding and a supportive climate among staff and clients. Listen to them. Bear in mind any union and employee organization rights.
- Be realistic about the capacity of employees and technology to make changes speedily and in the volumes required.
- Allow sufficient time for preparing regulations and policy manuals.
- Employ outside help if the state needs it, perhaps from other states or knowledgeable academic and consultant groups, but be sure state officials remain on top of the process (a one-time recouping of unclaimed federal Emergency Assistance funds could help pay for this).
- Continue to maintain good working relationships with federal officials (despite reductions in federal authority states still have to deal with federal officials).
- Constantly stay on top of state planning, budgeting and program development; there is no room for slippage.
- Follow other federal developments as changes could come next year in areas like manpower development and Medicaid.

TIMETABLE

	August 1996 Effective Date	July 1, 1997	January 1, 1998	July 1, 1998	July 1, 1999
TANF					
Accelerated TANF	▲.....● 12/1/96				
Latest TANF implementation	▲.....● 7/1/97				
Implementation employability assessments completed on former AFDC cases	▲.....● 5/1/97				
FOODSTAMPS					
Foodstamps EBT systems completed	▲.....● 10/1/2002				
EBT must identify items which may be purchased	▲.....● 8/98				
Food stamp recipients notified of changes	▲.....● 11/96				
WORK PROGRAMS					
Work requirements apply under accelerated TANF	▲.....● 12/1/96				
Work requirements apply under latest TANF date	▲.....● 7/1/97				
CHILD SUPPORT					
States must adopt uniform interstate family support act	▲.....● 12/1/98				
State disbursement unit must be established	▲.....● 10/1/98				
State must be able to transmit new hires data to national directory	▲.....● 10/1/97				
Confidential provisions must be in effect	▲.....● 10/1/97				
Standards of performance on establishing paternity in place	▲.....● 10/1/99				
CHILD CARE					
Child care lead agency designated	▲● <i>Instantaneous</i>				
ALIENS					
End of eligibility for many aliens	▲.....● 1/1/97				
Persons entering U.S. not eligible for benefits	▲● <i>Instantaneous</i>				

CHECKLIST

MAJOR ACTIONS REQUIRED

Below is a preliminary listing of major planning, administrative and budgetary actions which a state will need to take. In addition, a number of program specific actions are required. It may be impossible to achieve all of them by the effective date of the program. Each state will have to decide for itself what its implementation priorities will be.

OVERALL CONSIDERATIONS

PLANNING

Many states have already initiated planning in anticipation of federal legislation. Planners need to:

- ☐ Establish a planning agenda and planning procedures
- ☐ Decide on goals and expectations
- ☐ Consider state, county, city, school district and neighborhood roles
- ☐ Identify areas that require enabling legislation and establish processes for executive-legislative communication
- ☐ Engage in substantive planning
- ☐ Obtain public input
- ☐ Develop new state plans and obtain needed authorizations and approvals

ADMINISTRATIVE

Federal legislative changes will influence both federal and state programs. Administrators will need to:

- ☐ Establish new regulations and staff guidance
- ☐ Establish systems support for fund transfers, data management, reporting and evaluation
- ☐ Develop staff training
- ☐ Develop public information packages
- ☐ Consider new methods of administration, including contracting some functions to alternative public or private organizations for program improvement or cost saving purposes

BUDGETARY

States will receive different levels of funding with different conditions for a number of programs. Budget officers working with other state officials will need to:

- ☐ Estimate federal funding to the state for each program from FY97 to FY2002
- ☐ Calculate required levels for maintenance of effort for each program
- ☐ Make decisions regarding levels of funding to be transferred from TANF to child care and Title XX
- ☐ Pursue one-time opportunity for revenue recoveries from the Emergency Family Assistance Program
- ☐ Set priorities for use of available state funds
- ☐ Assure appropriations are enacted

PROGRAM-SPECIFIC ACTIONS

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

- ☐ Prepare state plan, consulting with local officials and private sector organizations
- ☐ Enact accompanying legislation where needed
- ☐ Make summary of state plan available to public
- ☐ Determine the agency or agencies to administer the program
- ☐ Consider contracting certain functions to other public or private organizations
- ☐ Terminate existing AFDC cases, recertify some cases as TANF recipients and terminate cases that no longer meet eligibility requirements
- ☐ Prepare employability assessments for all recipients, and at state option, personal responsibility plans
- ☐ Develop capacity to help recipients meet employment requirements
- ☐ Revise regulations and policy and procedure manuals
- ☐ Orient and retrain staff for new responsibilities
- ☐ Develop data system to obtain extensive family data required by law, track work activities and meet management needs
- ☐ Establish an eligibility process that enables individuals to qualify for Medicaid even though they do not qualify for TANF

CHILD CARE

- ☐ Designate lead agency and grant it necessary powers (may require executive or legislative action)
- ☐ Modify existing state plan

- [] Determine level of funds to be transferred from TANF to child care
- [] Develop capacity to respond to child care needs identified in TANF individual responsibility plans
- [] Develop capacity to meet detailed reporting requirements

SSI

- [] Determine the impact of SSI changes on recipients of other federal and state benefits
- [] Anticipate a bounty system for jails and prisons to notify the Social Security Administration of the presence of SSI recipients

FOOD STAMPS

- [] Recalculate eligibility and benefits
- [] Notify recipients of changes
- [] Establish new work programs
- [] Make decisions regarding optional work supplement, employment initiatives and simplified food stamp programs

CHILD SUPPORT

- [] Adopt Uniform Interstate Family Support Act by January 1, 1998
- [] Modify state plan to meet new requirements including confidentiality provisions, taking legislative action where needed
- [] Modify automated tracking system(s), including the addition of Social Security numbers to many documents
- [] Operate a State Case Registry and a State Disbursement Unit
- [] Operate an automated State Directory of New Hires
- [] Conduct automated comparisons between various state and national registries and directories

OTHER

- [] Apply new rules regarding aliens to federal, state and locally-assisted programs
- [] Apply new rules regarding Medicaid
- [] Apply new child nutrition program rules
- [] Develop system for reporting annual poverty rates within the state (if the rate increases by 5% the state must prepare a corrective plan of action to reduce poverty)

PART B

DETAILED PROGRAM DESCRIPTIONS

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)
(Title I)**

DATE	REQUIRED ACTION
Enactment of legislation	TANF provisions are in effect. However, there is provision for a transition period before the program becomes effective in a state.
October 1, 1996	As of this date, no individual or family has a federal entitlement to receive welfare and states will no longer receive funds on an open-ended entitlement basis. The maximum funding a state may receive is its block grant and state expenditures will be charged against it. This may place a premium on early conversion of AFDC to TANF.
45 days in advance of state plan submission	State officials must have consulted with local officials and private sector organizations so that services are appropriate to local populations. The state plan must be submitted not later than June 30, 1997.
Before submission	Legislative approval, if necessary, must be obtained for state plan and appropriations.
July 1, 1997 at the latest	New cash assistance program must be operational, including eligibility restrictions and work requirements. Appropriate AFDC cases must be converted to TANF. However, states with waivers may continue to operate under their waivers. Optionally, a state may accelerate the effective date for TANF to the date on which it files an outline of a Family Assistance Program (i.e., state plan).
6 months after plan submission or July 1, 1997 whichever is later	Some penalties against states will be assessed on conduct occurring after this date (including for failure to meet work requirements)
30-180 days following determination of eligibility	States must make recipient employability assessments (the time frame differs for former AFDC recipients and new TANF enrollees). In addition, but optionally, states may develop individual responsibility plans in consultation with recipients that set forth recipient and state obligations.
2 months after individual receives TANF	An individual who is not working must participate in community service (however, a state can opt out of this requirement).

Overview

Title I Temporary Assistance to Needy Families (TANF) repeals Aid to Families with Dependent Children (AFDC), the related JOBS program and Emergency Assistance to Families with Children. TANF provides federal funds for limited periods of time to families with children who meet state income and assets requirements. ***As of September 30, 1996, the federal entitlement to cash assistance for children and parents is ended.***

Purpose of TANF

The purpose of TANF is "to increase the flexibility of states to:

- provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and,
- encourage the formation and maintenance of two parent families."

States may use their TANF grants in any manner that is reasonably calculated to accomplish these purposes or for any purpose that AFDC funds could have been used for on September 30, 1995. Federal officials are very limited in what they can enforce.

Eligibility rules and benefit levels

For the most part, the state determines eligibility rules and benefit levels. However, there are some restrictions:

- Benefits are available only to families with one or more children under 18 years of age or pregnant women. A family may include one or two parents in the household.
- Families must meet work requirements or their benefits will be reduced. Parents or caretakers must engage in work once the state determines they are ready or once they have received assistance under the program for 24 months (whether or not consecutive), whichever is earlier. The state may choose a shorter period.
- Optionally, a state may require recipients who are not working to participate in community service after two months (or a lesser period if the state so chooses).

- Families that have received cash assistance for five years after the commencement of the state TANF program (whether consecutively or not) will lose eligibility. (The state may choose a shorter period.) The state may exempt up to 20% of families from this requirement for hardship or having a member who has been battered or subject to extreme cruelty. States may use their own funds to provide assistance when individuals are not federally eligible.
- A teen mother under 18 who is not married and has not completed high school must either participate in educational activities directed towards a high school diploma or an alternative educational or training program. States must also deny assistance if the teen is not living at home or in an approved, adult-supervised setting.
- With some exceptions, beneficiaries must meet certain requirements regarding establishment of paternity and child support orders or have benefits reduced or eliminated.
- Benefits must be denied to fugitive felons, parole violators and individuals who fraudulently misrepresent residence.
- Any individual convicted of a drug possession, use or distribution felony is not eligible for TANF or Food Stamps (although other family members may be eligible). States may opt out of, or limit the time period of, this provision. States are authorized to collect drug-related information through written self-declaration when an individual applies for benefits.

The state has the option to:

- Base the benefits of persons who have moved into the state within the past 12 months on benefits rules in their prior state of residence.
- Determine whether to provide assistance to non-citizens.
- Exempt a single parent with a child under 12 months from work requirements.
- Reduce the length of time that recipients can receive cash assistance to less than five years, and/or require that they engage in work or community service earlier than required by federal law.
- Deny assistance to additional children born or conceived while the parent is on welfare (family cap). Such children may be provided vouchers with Social Security Block Grant money.

- Sanction certain families for failing to ensure that minor dependent children attend school.
- Sanction certain families in which adults are not working to attain a secondary school diploma or its recognized equivalent.

Administrative requirements

The cash assistance program must operate in all state jurisdictions; however, statewideness (operating in the same manner throughout the state) is no longer required. States must indicate which state agency or agencies will administer and supervise the program.

States must explain how they will provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

States must certify that they will operate a child support enforcement program, operate a foster care and adoption assistance program, provide Indians with equitable access to assistance, establish and enforce standards and procedures to ensure against program fraud and abuse and, optionally, establish and enforce standards and procedures to screen for and identify domestic violence.

States must adhere to non-discrimination laws and income and eligibility verification system requirements.

States must meet requirements regarding provision of Medicaid.

States may provide services through contracts with charitable, religious or private organizations (as contrasted with public offices) and provide beneficiaries of assistance with certificates, vouchers or other forms of disbursement which are redeemable for assistance (with certain conditions).

Work requirements

Title I and food stamp work requirements need to be read together (and, prospectively, with provisions in the proposed Workforce Development Act legislation if enacted).

States must achieve 25% (1997) to 50% (FY 2000 and beyond) work participation rates for all families and 75% (1997) to 90% (1999 and beyond) for two-parent families in terms of proportions of cash assistance recipients required to be in work activities for specified hours a week. The rules for calculating participation are very complex and too detailed to be included in this document.

In general, countable work activities include unsubsidized employment, subsidized private sector and public sector employment, work experience, on-the-job-training, community service, six weeks of job search and job readiness assistance (12 weeks in high unemployment states), job skills training, up to twelve months of vocational education and (for individuals who meet certain criteria) general education.

For counting purposes, no more than 20% of persons engaged in work activities may be teens completing general education or individuals involved in vocational education. Other activities may satisfy a state's requirements, but not be countable against the federal requirement.

The state has some options for participation requirement exemptions.

A state may be penalized up to 5% in the first year if it fails to meet participation rate requirements and an additional 2% in subsequent years with a cap of a 21% reduction.

The state may make payments or provide vouchers for employment placement programs operated by state-approved public and private job placement agencies.

Individuals who refuse to meet work requirements will have their assistance reduced pro rata or terminated.

Individual
assessments and
responsibility
plans

The state must make an initial assessment of the skills, prior work experience and employability of each recipient who has attained 18 years of age and has not completed high school or obtained a certificate of high school equivalency and is not attending secondary school. The state has between 30 and 180 days to comply (varies by type of recipient and state options).

The state, in consultation with the individual, may develop an individual responsibility plan which sets forth: (a) an employment goal and a plan for moving the individual immediately into private sector employment, (b) the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes or do other things that will help the individual become and remain employed in the private sector, and (c) the services the state will provide.

Individual
development
accounts

A state may establish individual development accounts which permit an individual to accumulate funds for postsecondary educational expense, first home purchases and business capitalization. Contributions may be made only from earned

income. Contributions are matched by a qualified entity, i.e., a not-for-profit organization or a state or local government agency. Funds deposited in such an account are disregarded for purposes of determining eligibility or the amount of an individual's grant.

Child care

The state may exempt a single parent with a child under 12 months from work participation requirements. A single parent with a child under six may not be penalized for refusal to participate in a work activity if the parent can prove that he or she is unable to obtain child care (as determined by the state) because of the unavailability of child care within reasonable distance from home or the work site, unavailability or unsuitability of informal child care by a relative or other arrangements and unavailability of appropriate and affordable formal child care arrangements.

Funding of child care for cash assistance recipients is now provided through the Child Care and Development Block Grant (See Child Care -- Title VI).

Relation to other programs

The TANF program requires interaction with the Child Support, Food Stamp and Medicaid programs.

A state may use not more than 30% of its TANF block grant to carry out state programs pursuant to Title XX (Social Services Block Grant) and the Child Care and Development Block Grant. Only 10% can go to Title XX and Title XX funds must be used for children and families that do not exceed 200% of the poverty level.

The state plan must conduct a program designed to reach state and local law enforcement officials, the education system and relevant counseling services that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to serve men.

State plan

The state is required to file an outline of a Family Assistance Program (i.e., state plan). While a state may continue to operate under the AFDC program through June 30, 1997, if the state does not file by that date it will not be eligible for either an AFDC or a TANF program prior to October 1, 1997.

Optionally, a state may accelerate the effective date for TANF to the date on which it files a state plan. State cash assistance expenditures will be charged against the FY97 block grant whether or not the state is operating under TANF or AFDC. This puts a premium on converting to TANF as early as possible.

States must consult with local officials and private sector organizations at least 45 days before they file their plan with the

Secretary of HHS. The state must make a summary of the state plan available to the public.

The Secretary must determine that the plan includes the required elements. Note that this does not mean approval by the Secretary except where specifically required by law.

Waivers

States with waivers may terminate their waivers or continue to operate their program under the waiver (even where it conflicts with the Act) until the waiver expires provided they meet work requirements. State funding, however, will be at the new level.

Funding

TANF provides \$16.38 billion annually in the form of block grants in fiscal years 1997-2001. States are entitled to a specific amount for fiscal years 1997-2001 based on a formula which takes into account expenditures in prior years. States must meet an 80% maintenance of effort requirement to receive their full grant (75% if they meet work requirements). States may carry over unused balances without fiscal year limitation.

Supplemental grants for population increases and/or low grant amounts per poor person may be made to a state. In addition, a limited number of states may receive bonuses for reductions in out-of-wedlock births (where not accompanied by greater numbers of pregnancy terminations). They may also receive high performance bonuses based on criteria yet to be established.

States with certain high levels of unemployment or food stamp participants that meet maintenance of effort requirements are eligible for funding from a newly established Contingency Fund for State Welfare Programs.

In addition, states may receive loans under certain circumstances.

There are provisions for penalties for noncompliance with certain Act provisions.

There is a 15% limitation on expenditures for administrative expenses (excluding information technology and computerization needed for tracking and monitoring recipients).

States have two years from the date service was provided to file claims for reimbursement under the old Title IV-A program. Claims pertaining to assistance provided prior to October 1, 1995 will be charged against the FY95 appropriation; assistance rendered after that date will be charged against the FY97 block grant.

Data collection and reporting requirements

States must collect extensive, disaggregated case record information on a monthly basis and report on it quarterly. They may use scientifically accepted sampling methods to do so.

Child poverty	States in which child poverty rates have risen must submit corrective action plans.
Confidentiality	States must indicate in their state plan how they will control the use and disclosure of information.
Federal research and reporting requirements	The Secretary is called upon to conduct research and may assist states in developing and evaluating innovative approaches to reducing welfare dependence and increasing child well-being. The Secretary must rank states annually on a number of bases including work program success and reductions of out-of-wedlock births. In addition, the Secretary must examine various legislative impacts on children and families. An analysis will be made on the status of state data processing systems. The Secretary is required to make an annual report to Congress. The Bureau of the Census is also called upon to collect certain data.
Electronic benefit transfer systems	States are encouraged to implement an electronic benefit transfer system and may use the block grant for such purpose.
Indians	A special set of requirements apply to Indian tribes.

SUPPLEMENTAL SECURITY INCOME (SSI) (Title II)

DATE	REQUIRED ACTION
Date of Enactment	New SSI applicants must meet Act requirements. Provisions apply to individuals who are: convicted of fraud, fugitive felons or probation and parole violators, or prisoners.
Not later than January 1, 1997	The Commissioner must notify SSI applicants and recipients of new SSI provisions.
Within one year after the date of enactment (August 22, 1997)	The Commissioner must redetermine eligibility of children.

Overview

The Supplemental Security Income (SSI) Program in Title XVI of the Social Security Act provides cash assistance to individuals with certain physical and mental impairments. SSI is federally administered by the Social Security Administration. Changes in it affect eligibility for state-administered programs. With some exceptions, changes do not require state action.

Disabled children

The definition of disabled children is changed to say "an individual under the age of 18 shall be considered disabled if that individual has a medically-determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to exist for a continuous period of not less than 12 months." The Commissioner is directed to modify the medical criteria for evaluation of medical and emotional disorders, eliminate references to maladaptive behavior in the domain of personal/behavioral function and discontinue the individualized functional assessment for children.

Within a year of enactment, SSI must redetermine the eligibility of current beneficiaries based on the new definitions. One practical effect will be that children classified as hyperactive attention deficit disorder will no longer be eligible. Also, an

individual may not be considered disabled if successfully engaged in gainful activity.

- *Timetable*

The changes in eligibility apply now to an individual who applies, or whose claim is finally adjudicated, on or after the date of enactment, even though regulations have not been issued. The provisions for disqualification follow the same timetable.

The Commissioner is to notify all recipients of the changes in law not later than January 1, 1997. Current recipients will continue to receive benefits until July 1, 1997 or until the Commissioner redetermines their eligibility, whichever is later. All redeterminations must be completed by one year after the date of enactment.

- *Requirements*

All children receiving benefits are subject to a review -- within 12 months for a low birth-weight child and at least every three years for children under age 18. Once the individual becomes 18, eligibility must be redetermined using the criteria applicable to disabled persons age 18 and over.

Parents or other representative payees for children will be required to present evidence at the review that the child is receiving medical treatment to the extent necessary and available for his or her condition.

Allowable expenses are education or jobs skill training, personal needs assistance, special equipment, housing modification, medical treatment, therapy or rehabilitation or other items determined by the Commissioner to be appropriate provided that such expense benefits such individual and (other than for education or job training) is related to the individual's impairment.

Cash benefits for privately insured, institutionalized children will be limited to \$30 per month. Retroactive SSI benefits must be placed in a dedicated savings account and used only for education or rehabilitation-related services.

- *Reporting*

The Commissioner must establish a system for accountability monitoring whereby a representative payee shall report on use of funds.

Offenders

SSI benefits will be denied for ten years to an individual who has been convicted of fraudulently claiming residence in two or more states in order to claim benefits. *This provision also applies to claims under TANF, Medicaid and Food Stamps.* In addition, fugitives, prisoners or parole violators are ineligible for SSI.

There is a bounty of \$400 paid to the institution housing prisoners if it notifies the Commissioner of the presence of an SSI-eligible individual within 30 days after confinement or \$200 if the period is 31-90 days. The Commissioner may also enter into arrangements for information on individuals receiving federal cash, food or medical assistance.

The Commissioner must furnish any federal, state or local law enforcement official upon request with a recipient's current address, Social Security number and photograph (if applicable) where the information is necessary for the officer to conduct official duties.

Studies regarding
Supplemental
Security Income
program

The Commissioner is to make a comprehensive annual report not later than May 30 of each year. The Act sets forth the material to be included.

Not later than January 1, 1999 the General Accounting Office (GAO) is to study and report on the impact of the amendments in this Act and the extra expenses incurred by families of children receiving benefits that are not covered by other federal, state or local programs.

CHILD SUPPORT (Title III)

DATE	REQUIRED ACTION
October 1, 1996	In general, new child support provisions take effect. However, many changes require state legislative action. The bill provides a grace period so that states can pass legislation during the first regular legislative session that begins after the bill becomes law.
October 1, 1997	Each state must establish child support case procedures regarding case disposition and safeguards protecting privacy rights and confidential information. Each state must operate an automated State Directory of New Hires. The Secretary must establish and maintain an automated National Directory of State Hires.
January 1, 1988	Each state must have in effect the Uniform Interstate Family Support Act.
May 1, 1998	Each state must conduct automated comparisons of Social Security numbers between the State Case Registry and the Directory of New Hires.
October 1, 1998	Each state must operate a State Disbursement Unit and a State Case Registry containing support orders established on or after this date. The Secretary must establish and maintain an automated federal registry of child support orders.
October 1, 1999	HHS is to offer performance-based incentives to states.

Overview

Title III substantially amends Title IV-D of the Social Security Act pertaining to child support. Collection of child support is primarily a state responsibility, but states must operate within a framework of nationwide policies and procedures. The federal government pays most of the administrative costs. The funds collected are shared among the custodial parents and state and federal governments.

The new Act moves states towards more centralized, automated systems that are capable of taking steps to locate noncustodial parents and to begin enforcement actions automatically. It

creates both national and state new hire reporting registries so that child support withholding can begin quickly when a noncustodial parent changes jobs. It requires states to report child support delinquencies to credit bureaus without waiting for a request to do so. It requires states to have the authority to withhold, suspend, or restrict the use of drivers' licenses, professional and occupational licenses and some recreational licenses. It improves interstate enforcement by bolstering federal services to locate parents across state lines and by requiring all states to have in place common paternity procedures in interstate cases.

Relationship to
TANF and other
programs

Families receiving or applying for TANF, foster care maintenance payments and Medicaid are required to cooperate in determining paternity (including genetic testing of both the child and the mother) and pursuing child support. Failure to cooperate will result in a minimum of 25% reduction of cash assistance and possibly termination. States have the option of similarly requiring cooperation from food stamp recipients. The state may, if it determines that there is good cause, elect not to pursue child support.

Other children
served

The state must offer paternity identification and child support services to any other child for whom assistance is requested. Services are to continue even if the child is no longer receiving cash or medical assistance without the need for a new application. Services must be made available to residents of other states on the same terms as residents.

Expedited
administrative and
judicial procedures

The state must provide an extensive array of expedited administrative and judicial procedures which permit it to take actions without obtaining orders from a judicial or administrative tribunal. These are to be supported by a statewide automated data processing and retrieval system.

State Case Registry

States must maintain an automated *State Case Registry* on all cases in which services are being provided and all support orders issued or modified after October 1, 1998. The Registry records data for both parents such as names, Social Security numbers, dates of birth and case identification numbers. It also includes information on payment records and supporting details as to what is required by court orders, whether liens have been imposed, and how funds were distributed. The state must establish, maintain and monitor case records. The registry is also used to support or seek to enforce orders providing child visitation rights.

The state must use the automated system to extract information from and share and compare information with other data bases

and information comparison services including the Federal Parent Locator Service (the Federal Case Registry of Child Support and the National Directory of New Hires) and agencies operating TANF and Medicaid.

State Disbursement Unit

On or after October 1, 1998 the state agency must operate a *State Disbursement Unit* for the collection and disbursement of child support payments. This unit may be operated by a state agency, combination of agencies or a contractor responsible to the state. The system may be built by linking local disbursement units through an automated information network of local agencies if the Secretary is satisfied that it will not cost more nor require more time to establish and if there is one location to which income withholding is sent.

The *State Disbursement Unit* must use automated procedures, electronic processes and computer-driven technology to the maximum extent feasible, efficient and economical. There are strict time deadline requirements for collections and disbursements of child support payments. Courts may continue to disburse payments until 1999.

State Directory of New Hires

By October 1, 1997 each state must operate an automated *State Directory of New Hires*. New hire information will be used to enforce support orders and may also be used to locate individuals for purposes of establishing paternity and establishing, modifying and enforcing child support obligations. Every employer must furnish the state with a report on each new hire that contains the name, address and social security number and the name, address and identifying number of the employer in a W-4 or equivalent form. The information will be compared with outstanding support orders to determine what action must be taken to collect support. By October 1, 1998 the state must directly or by contract, conduct automated comparisons of Social Security numbers between the registry and the directory of new hires. A counterpart National Registry of New Hires is to be established which will enable information to be shared among states.

Time deadlines

Once established, the automated data system must meet short time requirements. For example, amounts received are to be disbursed to parents and other payment recipients in 2 business days. States must transmit withholding orders to employers within 2 days. Employers have 7 business days after payday to send withholding to the State Disbursement Unit. New hire information is to be sent to the national registry in 3 business days. New hires are to be reported to the state in no later than 20 days and placed in the state data base in 5 business days.

Paternity determination	A state law must be adopted which: (1) establishes procedures to determine paternity of a child at any time before the child becomes 18, (2) requires submission to genetic tests in any contested paternity case (unless otherwise barred by state law), and (3) provides for a simple civil process for voluntarily acknowledging paternity which includes oral and written notice of the legal consequences of acknowledging paternity. There must be a program through which hospitals and birth record agencies offer voluntary paternity establishment services. HHS is to develop minimum requirements for states to use in their paternity acknowledgment affidavits. Commencing October 1, 1999 HHS is to offer incentives to states based on performance.
Medical support orders	All IV-D child support orders must include health care coverage. Notice to the new employer is sufficient to enroll the child in the absent parent's plan, unless it is contested.
Reporting	Beginning 12 months after enactment, state agencies must have a process for annual reviews of and reports to the Secretary on the program that includes information necessary to measure state compliance with federal requirements for expedited procedures. State agencies must also have a process for extracting from the automated data processing system (and transmitting to the Secretary) data and calculation on the levels of accomplishment and rates of improvement in such areas as paternity establishment and overall child support.
Privacy Protections	By October 1, 1997 the state plan must provide safeguards applicable to all confidential information handled by the state that are designed to protect the privacy rights of the parents and protect them from harm.

RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS (Title IV)

DATE	REQUIRED ACTION
Date of enactment	Newly-arrived legal immigrants are barred from all means-tested, federally-funded public benefits for the first 5 years they are in the country.
Within a year of enactment	Aliens receiving food stamps need to be recertified according to new eligibility criteria.
January 1, 1997	Current recipients may receive means-tested benefits up to this date. Beginning then, benefits to most legal immigrants are eliminated or reduced. However, states have the option to provide some federal assistance to current legal immigrants and (after the five-year federal bar) to immigrants that arrive after enactment.
Not later than March 1, 1997	The Commissioner of Social Security must notify aliens receiving SSI benefits of new provisions.
Not later than 180 days after enactment	A sponsor's income and resources must be attributed to an alien in determining the alien's eligibility and benefits for federal means-tested benefits programs that do not already deem and Medicaid. SSI and food stamps will continue to deem until the permanent bar goes into effect.

Overview

Benefits to current and future legal immigrants are substantially reduced or eliminated. With some exemptions, newly-arriving legal immigrants who are qualified aliens are barred from all means-tested, federal-funded public benefits for the first 5 years they are in the country. Immigrants that arrive after enactment who have sponsors may also be subject to deeming until they become citizens. The result will be significant reductions in expenditures for such programs as SSI and food stamps. States have some options regarding the level of support they may provide to immigrants.

Exceptions

There are exceptions for categories of immigrants:

- refugees, asylees or those granted withholding of deportation are eligible only for their first 5 years in the US (those in the US for five years lose benefits);
- lawful permanent residents with 40 qualifying quarters of work may receive benefits (these credits accrue to their minor children and spouse), however, for work quarters after December 31, 1996 only quarters in which the individual did not receive any federal means-tested public benefit may be counted; and
- veterans, active duty military, spouses and dependents.

In addition, Cuban-Haitian entrants may be exempted through regulation from the five-year ban.

Program exceptions

Most newly-arriving legal immigrants are barred from all means-tested, federal-funded public benefits for the first 5 years they are in the country with the exceptions of: emergency medical assistance; short-term, non-cash, in-kind emergency disaster relief; National School Lunch Act; Child Nutrition Act; public health assistance for immunizations and testing and treatment of symptoms of communicable diseases; foster care and adoption assistance (unless parent is qualified alien subject to 5-year bar); programs identified by the Attorney General which deliver in-kind services at the community level, do not condition assistance on the individuals' income or resources, and are necessary for the protection of life or safety (such as soup kitchens); higher education; means-tested programs under the Elementary and Secondary Education Act, Head Start, and the Job Training and Partnership Act.

State and local authority

States have the authority to determine the eligibility of legal immigrants for state and local means-tested programs. They have the option to determine eligibility for TANF, Medicaid and Social Services Block Grant with some exceptions.

Current recipients may receive benefits until January 1, 1997. States may provide or deny services thereafter. Immigrants that arrive after the bill is enacted are first subject to the five-year federal bar, and then the state may provide or deny services. States may not provide state or locally-funded benefits to unqualified immigrants unless they enact state law after the bill is enacted. With some exceptions, states (or localities) may deem for state programs.

Deeming	Deeming means that the immigrant's sponsor's income and resources (and his or her spouse's income and resources) are considered, or "deemed", available to the immigrant when determining program eligibility and the amount of benefits. This mainly affects immigrants who enter under the family preference system and relatives of US citizens. States must deem all federal means-tested programs for current recipients upon eligibility reviews, new immigrants and current immigrants who are not recipients who apply for benefits in the future. States or localities may deem for state programs with some exceptions. Affidavits of support are made legally enforceable against the sponsor by the sponsored alien, the federal government and by any state or locality which provides means-tested programs for up to 10 years after receipt of benefit. Affidavits of support are enforceable until citizenship (except for excepted programs).
School lunch and breakfast	School lunch and breakfast are available to all immigrants regardless of status. States may provide certain other nutrition programs to immigrants not considered "qualified aliens" under the bill.
Not qualified aliens	Not qualified aliens are barred from federal grants, contracts, loans, professional or commercial licenses, and from federal retirement, welfare, health, disability, public or assisted housing, post secondary education, food assistance, unemployment benefit or similar benefits. In addition, state and local governments are barred from using their funds to provide these benefits. Not qualified aliens may receive emergency medical assistance, some forms of disaster relief, immunizations, testing and treatment of symptoms of communicable diseases, soup kitchens, short-term shelters and some other limited assistance.
Cooperation with INS	Agencies that administer SSI, housing assistance or TANF must report quarterly to the INS the names and addresses of individuals they know are unlawfully in the US. There are requirements regarding communicating information to the INS. The Attorney General with the Secretary of HHS must issue regulations within 180 days requiring verification that the alien applying for public benefits is eligible. States must comply with the verification system within 24 months.

CHILD PROTECTION (Title V)

Overview

The child protection provisions contained in earlier versions of the Personal Responsibility and Work Opportunity Reconciliation Act were eliminated, including the child protection block grant, the child and family services block grant, provisions on removal of barriers to inter-ethnic adoption and the adoption tax credit. Thus, current laws for Titles IV-E, IV-B and the Child Abuse Prevention and Treatment Act state grants and discretionary programs, Community-Based Family Resource Program grants, Adoption Opportunities program, the Abandoned Infants Assistance Act, the Temporary Child Care for Children with Disabilities and Crisis Nurseries Act and the family support centers grants under the McKinley Homeless Assistance Act are retained. There is no optional block grant for foster care.

It should be noted that provisions on removal of barriers to inter-ethnic adoption and an adoption tax credit are included in a minimum wage increase/tax measure adopted by the House and Senate. Final legislation is pending.

Child welfare information systems

The bill extends the deadline for enhanced funding (75% FFP) for Statewide Automated Child Welfare Information Systems (SACWIS) for one year from October 1, 1996 to October 1, 1997. Reporting requirements remain the same.

For profit providers

The bill allows states to use Title IV-E dollars for for-profit providers to care for children in foster care.

Kinship care

Title IV-E Foster Care and Adoption Assistance State Plan guidance provides that the state shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant state protection standards.

CHILD CARE (Title VI)

DATE	REQUIRED ACTION
October 1, 1996	Effective date of the block grant. State legislatures must appropriate the child care block grant funds. Lead agency must be designated. HHS may allow more time to meet these requirements.

Overview

Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 may be cited as the Child Care and Development Block Grant Amendments of 1996. It substantially amends the Child Care and Development Block Grant (CCDBG) Act and consolidates the existing IV-A child care funding sources (AFDC/JOBS, At-risk, Transitional Child Care) with the Child Care and Development Block Grant.

Provision is made that virtually all federal child care funds (including Title VI entitlement funds, but not including Head Start) be administered through a lead agency in each state under CCDBG requirements. The Governor designates the lead agency which may be a governmental or nongovernmental entity.

Previous welfare legislation provided child care guarantees. Title VI eliminates the guarantee that child care will be provided to families on welfare that need child care to participate in work or training, and to former welfare families that previously received one year of transitional child care help if they left welfare due to earnings. It also eliminates the special category of "at risk" child care, which helped families that would be at risk of welfare receipt if they did not get child care help.

The block grant provides states with considerable flexibility to establish early childhood systems that better meet the needs of their citizens.

Goals

The amendments define the goals of the amendments to: (1) allow each state maximum flexibility in developing child care programs and policies that best suit the needs of the state's children and parents; (2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) to encourage states to provide consumer education information to help parents make

informed choices about child care; (4) to assist states to provide child care to parents trying to achieve independence from public assistance; and, (5) to assist states in implementing the health safety, licensing and registration standards established in state regulations.

Requirements

- *Consumer education* A state is required to provide consumer education information that will promote informed child care choices.
- *Licensing* A state must certify that it has in effect and will enforce licensing requirements applicable to child care services.
- *Health and Safety* Current CCDBG health and safety requirements apply.
- *Service to welfare recipients* A state must demonstrate that it is meeting the needs of families receiving welfare (TANF), those attempting to transition off welfare and those who are at risk of going on welfare.
- *Service to working families* States must ensure that a substantial portion of funds will be used to provide assistance to low-income working families other than those described above.
- *Sliding fee Scales* States must provide arrangements for child care services on a sliding fee scale basis.

Funding

The total funding for Title VI is approximately \$22 billion over seven years. Of this, \$13.85 billion is provided as a capped entitlement comprised of a base allocation of \$7.2 billion and matching funds of \$6.7 billion ("new" child care money above what states received under the old program). "Capped entitlement" funding means that funding is guaranteed to be available up to a set limit.

A state's base allocation is based on prior child care expenditures. No state match is required, there is no maintenance-of-effort separate from the 80% in TANF, and funds may be carried over into the next fiscal year.

To receive matching funds, states must maintain spending at their 1994 or 1995 level (whichever is higher). State expenditures above the maintenance of effort level will be matched at the 1995 Medicaid match rate. Funds will be distributed according to the proportion of children under age 13 and unused funds will be redistributed.

Of the \$22 billion, \$7 billion (or \$1 billion annually) is provided as "discretionary" funding that must be appropriated by Congress

(as contrasted with an entitlement). Allocation of these funds is based on the current CCDBG formula. The legislation states that a "substantial portion of the funds must be used for low-income working families."

Improper use of Funds If the Secretary finds that funds have been improperly expended for purposes prohibited or not authorized, those amounts may be deducted from next year's administrative expenses.

Transfer of funds States are authorized to transfer up to 30% (less those funds transferred to Title XX -- Social Services Block Grant) from allocations for the Temporary Assistance for Needy Families Block Grant to the Child Care and Development Block Grant.

Setasides States must set aside a minimum of 4% of child care funding for improving quality, expanding supply, increasing parental choice and providing consumer education (e.g., through resource and referral services).

Limitations on use of funds

- *Indian tribes* The Secretary is to reserve not less than 1% and not more than 2% for payment to Indian tribes and tribal organizations.
- *Welfare-related care* A state must use a minimum of 70% of entitlement funds for families who are attempting through work activities to transition off financial assistance or who are at-risk of becoming dependent on such assistance.
- *Other low-income families* A state shall assure that a substantial proportion of funds remaining after serving TANF families shall be used to provide assistance to other low-income working parents.
- *Administrative funds* Not more than 5% of funds shall be used for administrative expenses.

Reporting

- *Data to be collected* States are required to collect on a monthly basis detailed information on family units receiving assistance under CCDBG including income, family characteristics, sources of family income and type and source of child care. This information is to be submitted to the Secretary on a quarterly basis.
- *Six-month reports* Every six months beginning not later than December 31, 1997 the state must submit to the Secretary an aggregate report concerning child care providers, recipients and payments.

CHILD NUTRITION PROGRAMS (Title VII)

DATE	REQUIRED ACTION
July 1, 1996	Day care home reimbursement rate differentials go into effect.
January 1, 1997 and each January 1 thereafter	Summer Food Service program reimbursements are reduced and recalculated annually.
July 1, 1997 and each July 1 thereafter	Day care home reimbursement rates are adjusted and recalculated annually.

Overview

Title VII includes amendments to the National School Lunch Act and the Child Nutrition Act. For the most part, these establish new formulas for calculating the level of federal support for child nutrition programs (including school lunch, breakfast, supplement and summer food service reimbursement rates) that marginally reduce costs. Reimbursement rates will be adjusted on July 1, 1997 and each July 1 thereafter to reflect changes in the Consumer Price Index.

Changes made call for action by the federal government, state education agencies and local education agencies, not general purpose state or local governments.

Child and adult food care program

The Child and Adult Food Care Program will be restructured into two categories - Tier 1 and Tier 2. A Tier 1-classified home is located in an area in which 50% of all children or 50% of elementary school children are eligible for free or reduced price meals (or alternatively, if the provider's income meets the eligibility level). Tier 1 providers do not need to meet documentation requirements on eligibility (except for services to members of a provider's family who do not meet eligibility requirements).

Other homes are classified as Tier 2 and must meet documentation requirements. In addition, they will receive reduced meal reimbursements.

Other provisions

Provisions are included regarding nutritional requirements, permitting 'offer' versus 'serve,' nutrition education, and coordination of school lunch, school breakfast and summer food service programs. An individual who is eligible to receive free public education benefits under state or local law must not be ineligible to receive benefits provided under the school lunch or breakfast programs on the basis of citizenship, alienage or immigration status.

FOOD STAMP PROGRAM (Title VIII)

DATE	REQUIRED ACTION
Enactment	New provisions are now in effect with the exception of some budgetary changes which are effective October 1, 1997.
Within three months	Current food stamp recipients must be notified of changes in the work program.
Within two years	The state's electronic benefits system must have the capacity to differentiate between products which may be purchased and those which may not.
Not later than October 1, 2002	Each state agency must implement an electronic benefit system.

Overview

The food stamp program retains its current structure as an uncapped, individual entitlement. States will not have the option to choose a food stamp block grant and alter the structure of the program.

By changing eligibility requirements and ways of calculating benefits it is estimated that the bill cuts \$23 billion from the food stamp program over 6 years, not including cuts to legal immigrants.

New work requirement

Able-bodied recipients age 18-50 with no dependents are ineligible for food stamps unless they meet a new work requirement. They may receive food stamp benefits for only 3 months in every 36 month period unless they are engaged in work or work programs. A recipient who finds work and then loses his or her job, is allowed an additional three months of benefits. Work includes participating in a work program 20 hours or more a week, averaged monthly. Job search programs do not qualify as engaging in work.

Work requirements do not apply if an individual is under 18 or over 50 years of age, medically certified as physically or mentally unfit for employment, a parent or other member of a household with responsibility for a dependent child or a pregnant woman. On the request of a state agency, the Secretary may waive work

requirements for groups of individuals who reside in an area with an unemployment rate of over 10% or without a sufficient number of jobs to provide employment.

Employment and training	States will have greater flexibility to run the Food Stamp Employment and Training Program. Funding will increase gradually, totaling \$79 million in FY 97 and rising to \$90 million in FY 2002. The program must be carried out through a statewide workforce development system, unless the component is not available locally through such a system.
Simplified food stamp program	States may operate a "simplified food stamp program" for households in which one or more members receive TANF assistance provided that this does not increase costs to the federal government. This allows a single set of rules and procedures to determine eligibility and benefits, and standardizes the deductions between programs.
Waiver authority	States may request waivers for welfare reform, work or multi-program conformity projects, with some restrictions.
Food stamp cash out	States where at least 50% of food stamp households also received AFDC during the summer of 1993 may cash out benefits to individuals who have worked in unsubsidized employment for at least 90 days, earned at least \$350 a month and receive TANF benefits.
Work supplementation	States may operate a work supplementation or support program where the value of public assistance including food stamps is provided to employers to be used for hiring and paying the recipient.
Reduction of benefits	Individuals whose benefits are reduced under other means-tested programs as a penalty cannot have their food stamp allocation increased as a result and the state may reduce the household allotment by up to 25%. In addition, states have the option to disqualify individuals who are delinquent in child support payments or do not cooperate with the child support program.
Administrative matters	There are provisions regarding retention rates, quality control, expedited service timetables, lowered age of caretaker exemption and other administrative reforms.

MEDICAID PROVISIONS CONTAINED IN TITLE I AND TITLE IV

DATE	REQUIRED ACTION
January 1, 1997	A state will have the option of denying Medicaid coverage to non-citizens.
July 1, 1997 or earlier at state option	New Medicaid provisions are effective.

Overview

The Personal Responsibility and Work Reconciliation Act of 1996 does not create a Medicaid block grant (as was proposed under the original bill). However, Medicaid changes were made related to welfare recipient and immigrant eligibility for Medicaid.

Coverage of welfare recipients

Currently persons eligible for welfare are automatically entitled to coverage under the state's Medicaid program. This is no longer the case. Rather eligibility depends upon the state's AFDC plan as it existed on July 16, 1996. This means that in general, states must continue to provide Medicaid to families that would be eligible for AFDC under the terms that applied on that date. Thus families that would have qualified for AFDC but that lose cash aid because of new block grant provisions will at least continue to qualify for Medicaid. However, states may deny Medicaid to adults who lose cash aid because they do not meet work requirements with the exception that pregnant women and minor children will continue to receive assistance.

A state can modify its original AFDC plan in three ways:

- lower its income standards, but not below the levels applicable in its state plan as of May 1, 1988;
- increase income or resource standards and medically needy income levels by an amount not to exceed the consumer product index; and
- use income and resource methodologies that are less restrictive than the methodologies used under the state plan as of July 16, 1996.

Transitional benefits	Existing Medicaid law is maintained regarding transitional assistance. Families losing eligibility for cash assistance due to increased child support will receive four months of transitional Medicaid. Those losing cash assistance due to increased earnings will receive twelve months.
Waivers	States with waivers will have the option to continue to operate under that waiver with regard to medical assistance eligibility provisions.
Services for aliens	Beginning January 1, 1997 a state will have the option of denying Medicaid to legal residents who have not become citizens. New immigrants will be automatically barred for five years after entry. After that, the state may offer Medicaid coverage, but will have to apply deeming provisions related to sponsor obligations. There are exemptions for persons who have worked for forty quarters in covered employment or served in the military. Legal immigrants who will be losing SSI benefits will also lose Medicaid coverage. Aged, blind and disabled immigrants will not be categorically eligible for Medicaid, but would have to be covered under optional eligibility categories. No state may deny coverage of emergency medical services to either legal or illegal aliens.
Effective date	Changes will have the same effective date as TANF provisions -- not later than July 1, 1997, and earlier at state option.

**SOCIAL SERVICES BLOCK GRANT PROVISIONS
CONTAINED IN TITLE I AND TITLE IX**

Overview	The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 reduces Social Services Block Grant funding by 15% from \$2.8 billion in FY 95 to \$2.381 billion in FY 96. For FY 97 - 2002 funding is \$2.38 billion. For FY 2003 and thereafter, funding reverts to \$2.8 billion.
Vouchers	Funding can be used for vouchers for families ineligible for or denied cash assistance under TANF because of a family cap or the five-year time limitation on benefits.
Transfer provisions	States may transfer up to 10% of the welfare block grant into the Social Services Block Grant. Such transferred fund may only be used for children and families under 200% of poverty.

STATE WAIVERS

Since January 1993, the Department of Health and Human Services has approved welfare demonstration projects in 43 states and the District of Columbia. Some of these states have received more than one waiver approval. In addition, Alabama and New Jersey received waivers before 1993 (as did some of the states listed below).

It should be noted that waivers vary significantly in their coverage. Some affect only parts of a state or a single program element. Others allow far-reaching, system-wide changes. Contact the state's department of social services for information on the scope and coverage of the waiver.

STATES WITH WAIVERS

Alabama
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Hawaii
Idaho
Illinois
Indiana
Iowa

Kansas
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
New Hampshire
New Jersey
New York
North Carolina
North Dakota

Ohio
Oklahoma
Oregon
Pennsylvania
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming